



# Hon Kwok Land Investment Company, Limited

Stock Code: 160

*Interim Report 2022/23*



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*Cover Photo:*

*architectural perspective of the renewed Bauhinia (Central), 119-121 Connaught Road Central*

# CORPORATE INFORMATION

## DIRECTORS

James Sai-Wing Wong (*Chairman*)  
James Sing-Wai Wong  
Xiao-Ping Li  
Philip Bing-Lun Lam  
Janie Fong\*  
David Tak-Wai Ma\*  
James C. Chen\*

\* *Independent non-executive directors*

## AUDIT COMMITTEE

James C. Chen (*Chairman*)  
Janie Fong  
David Tak-Wai Ma

## REMUNERATION COMMITTEE

David Tak-Wai Ma (*Chairman*)  
Philip Bing-Lun Lam  
Janie Fong

## NOMINATION COMMITTEE

Janie Fong (*Chairman*)  
David Tak-Wai Ma  
James C. Chen  
James Sing-Wai Wong  
Philip Bing-Lun Lam

## COMPANY SECRETARY

Ka-Yee Wan

## PRINCIPAL BANKERS

The Bank of East Asia, Limited  
Chong Hing Bank Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Industrial and Commercial Bank of China Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Shanghai Commercial Bank Limited

## AUDITOR

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
27/F, One Taikoo Place  
979 King's Road, Quarry Bay  
Hong Kong

## REGISTRAR

Tricor Tengis Limited  
17th Floor  
Far East Finance Centre  
No. 16 Harcourt Road  
Hong Kong

## REGISTERED OFFICE

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## STOCK CODE

SEHK 160

## WEBSITE

<http://www.honkwok.com.hk>

# CHAIRMAN'S STATEMENT

## FINANCIAL RESULTS

For the six months ended 30 September 2022, the Group's unaudited consolidated revenue was HK\$629 million (2021: HK\$608 million) with a net profit attributable to shareholders of HK\$114 million (2021: HK\$122 million). Excluding the effect of fair value gains on investment properties (net of deferred taxation) of HK\$11 million (2021: losses of HK\$19 million), the underlying net profit attributable to shareholders would be HK\$103 million for the six months ended 30 September 2022 (2021: HK\$141 million). The slight increase in revenue was mainly attributable to more property units being delivered to customers and recognised as revenue during the current period. The decline in the underlying profit was due to the drop in profit margins from property sales and the effect of a one-off gain on disposal amounting to HK\$25 million recorded in last reporting period arising from the sale of a property in the Mainland.

Basic earnings per share was HK\$0.16 (2021: HK\$0.17). As at 30 September 2022, the shareholders' equity amounted to HK\$11,377 million (as at 31 March 2022: HK\$12,264 million) and net assets per share attributable to shareholders was HK\$15.79 (as at 31 March 2022: HK\$17.02). The decrease in shareholders' equity at period end was primarily from the exchange differences arising from the depreciation of Renminbi-denominated net assets with the effect being partially offset by the net profit attributable to shareholders recorded during the period.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (2021: Nil).

## BUSINESS REVIEW

### (i) Property Development

For the six months ended 30 September 2022, the property development segment revenue was HK\$394 million compared with HK\$377 million in 2021. Segment profit before taxation was HK\$173 million compared with HK\$213 million in 2021. The revenue and profit for the period were derived from sales of completed properties from Metropolitan Oasis in Nanhai, Foshan. The slight increase in revenue was mainly attributable to more property units delivered to customers during the current period. The profit margin generated under the highly competitive property market was slim, resulting in a lower profit contribution.

The Group's property development projects located in Mainland China are made up of (i) Metropolitan Oasis, the Group's wholly-owned project in the Da Li District of Nanhai; (ii) 45-107 Beijing Nan Road, the Group's wholly-owned project in the Yue Xiu District of Guangzhou and (iii) Enterprise Square in the Nanshan District of Shenzhen in which the Group owns a 20% interest.

# CHAIRMAN'S STATEMENT *(Continued)*

## **BUSINESS REVIEW** *(Continued)*

### **(i) Property Development** *(Continued)*

Metropolitan Oasis, with a total gross floor area of approximately 273,000 square meters, was developed in three phases. The final phase of the development project was completed in December 2020. For the six months ended 30 September 2022, the Group recorded revenue of HK\$394 million (2021: HK\$377 million) from the properties sales recognised during the period. As at 30 September 2022, the contracted property sales but not yet booked amounted to RMB293 million, and is expected to be recognised from the second half of 2022/2023 onwards. Meanwhile, the management continued to launch the remaining property units amid the gloomy property market.

Our development site at 45-107 Beijing Nan Road, Yue Xiu District, with an aggregated gross floor area of approximately 77,000 square meters, is located in close proximity to the Beijing Road Pedestrian Street and the Pearl River. It is designated for mixed-use development, including a commercial/residential building and a commercial/office building. The development site is adjacent to the Group's former projects, namely No. 5 Residence and Ganghui Dasha. Upon completion, these three developments will form a large-scale mixed-use complex accommodating office, residential and retail components along Beijing Road. The residential portion of the project will be developed as quality residences for sale whereas the office portion will be held for rental and long-term investment purpose. Superstructure works were substantially completed and the residential units were scheduled to launch for pre-sale in the next financial year.

Enterprise Square, of which the Group owns a 20% interest, situated at Qiaoxiang Road North, Nanshan District, has a total gross floor area of approximately 224,500 square meters. This mixed-use commercial complex comprises office towers, a residential apartment tower and a shopping mall. Apart from an office tower and the shopping mall that are held for leasing purposes, the other office towers and a portion of residential apartment units were sold in prior years. During the six months ended 30 September 2022, the project recognised revenue of RMB200 million (2021: RMB273 million), net profit attributable to the Group in respect of its interest in Enterprise Square, including the change in fair value of the investment properties, amounting to HK\$17 million (2021: HK\$22 million). As at 30 September 2022, the contracted property sales of the residential apartment units but not yet booked amounted to RMB80 million.

### **(ii) Property Investment**

For the six months ended 30 September 2022, the property investment segment revenue was HK\$212 million compared with HK\$212 million posted for the same period in 2021. Segment profit before taxation was HK\$138 million compared with HK\$86 million in 2021. Excluding the change in fair value of investment properties, segment profit before taxation was HK\$133 million compared with HK\$127 million in 2021. Notwithstanding the difficult business conditions under the impact of pandemic, the Group's investment properties continued to maintain satisfactory occupancy.

# CHAIRMAN'S STATEMENT *(Continued)*

## **BUSINESS REVIEW** *(Continued)*

### **(ii) Property Investment** *(Continued)*

#### *Property Investment – Hong Kong*

The property investment segment with a variety of properties, covers office, hotel property and data centre, generated stable rental income. The Group's completed investment property portfolio in Hong Kong with an aggregate gross floor area of approximately 474,000 square feet is comprised of (i) Hon Kwok Jordan Centre, a commercial/office building at Hillwood Road, Tsim Sha Tsui; (ii) The Bauhinia, a hotel cum serviced apartment property at Connaught Road Central and Des Voeux Road Central; (iii) The Bauhinia Hotel (TST), a hotel property at Observatory Court, Tsim Sha Tsui; and (iv) Digital Realty Kin Chuen (HKG11), the data centre at Kin Chuen Street, Kwai Chung. Our office property and hotel properties maintained stable occupancy while our data centre was fully let at satisfactory rental levels. The property portfolio of our four Hong Kong properties achieved an average occupancy of 86% for the six months ended 30 September 2022 (2021: 85%).

The management continues to take opportunities to enhance the financial performance of our property portfolio through asset enhancement initiatives. For our Bauhinia (Central), we have started the revamp project to rebrand it to a luxury lifestyle serviced apartment and hotel property. The design and planning works are underway and the refurbishment and interior fitting-out works of the building will commence next year. Upon completion, the renewed Bauhinia with its premium location will enable the property to gain competitive edge in the industry.

#### *Property Investment – Mainland China*

The Group's completed investment property portfolio in Mainland China with an aggregate gross floor area of approximately 446,000 square meters is comprised of (i) Hon Kwok City Commercial Centre, a commercial/office building at the Fu Tian District of Shenzhen, (ii) City Square/The Bauhinia Hotel (Shenzhen), a commercial podium comprising shops and hotel rooms at the Luo Hu District of Shenzhen, (iii) City Suites, serviced apartment units atop of City Square at the Luo Hu District of Shenzhen, (iv) Ganghui Dasha, a commercial/office building at the Yue Xiu District of Guangzhou, (v) Chongqing Hon Kwok Centre, a twin-tower office building atop of a commercial podium at the Bei Bu Xin Qu of Chongqing and (vi) Chongqing Jinshan Shangye Zhongxin, an office tower and a hotel/office tower each with a commercial podium at the Bei Bu Xin Qu of Chongqing. The property portfolio achieved an average occupancy of 74% for the six months ended 30 September 2022 (2021: 67%).

# CHAIRMAN'S STATEMENT *(Continued)*

## **BUSINESS REVIEW** *(Continued)*

### **(ii) Property Investment** *(Continued)*

#### *Property Investment – Mainland China (Continued)*

The occupancy of Hon Kwok City Commercial Centre, the Grade A office building situated in the core area of Fu Tian District, Shenzhen, grew steadily. In the first quarter of 2022, the Mainland saw sporadic outbreak of COVID cases. To contain the pandemic, the government introduced board travel restrictions and lockdown measures, severely dampening the retail rental market. To support our retail tenants, rental relief was granted to certain tenants on discretionary basis. For the six months ended 30 September 2022, the average occupancy rate of the retail portion was 92%, whereas the offices space was 57% leased. Overall average occupancy rate grew to 63%.

#### *Property Investment – Valuation*

The Group's investment property portfolio was measured on a fair value basis, valued at HK\$14,346 million as at 30 September 2022 (as at 31 March 2022: HK\$15,309 million), including the Mainland China portfolio of HK\$9,232 million and Hong Kong portfolio of HK\$5,114 million. Taking into account the additions to investment properties and the exchange differences arising from the depreciation of Renminbi during the period, the increase in fair value (net of deferred taxation) was HK\$11 million (2021: decrease of HK\$19 million). In general, our Group's Hong Kong property portfolio exhibited a revaluation gain due to asset enhancement as well as the improved market sentiment after the relaxation of restrictive measures, whilst its Mainland China property portfolio showed a slight revaluation loss, as the market sentiment remained weak due to the restrictive measures and intermittent lockdown policies.

### **(iii) Property, carpark management and others**

During the period under review, the property, carpark management and others segment revenue was HK\$23 million compared with HK\$19 million in the same period of 2021. The revenue generated from the property and carpark management business remained stable. To support carpark operators, the government granted rental concessions to operators managing public carparks, substantially reduced our operating costs, resulting in segment profit before taxation of HK\$7.0 million compared with HK\$6.4 million in 2021. As at 30 September 2022, the Group managed 23 carparks (31 March 2022: 23 carparks) with approximately 2,050 parking spaces (as at 31 March 2022: 2,050 parking spaces).

## CHAIRMAN'S STATEMENT *(Continued)*

### OUTLOOK

The global economy is facing multiple challenges in 2022. Overall, these challenges are putting downward pressure on an already sluggish economy.

Major economies are in the middle of interest-rate hiking cycles, in particular, the US Federal Reserve continues to adopt an aggressive plan to combat surging inflation through tightening the money supply in the economy. Moreover, the ongoing wars in the Ukraine, as well as the heated geopolitical back-biting between the China and the US tensions continue to disrupt the global supply chains, which in turn have caused an upsurge in energy and food prices, which have further pushed up inflation. All in all, the global economic prospect is clouded with downside risks and turbulence.

In the Mainland, stringent containment measures remain in place in most major cities where the number of sporadic COVID-19 cases increased, severely slowing down economic activities and dragging down their GDP growth. The property market continues to be depressed by the resurgence of pandemic and strict quarantine measures, hampering the market sentiment. Furthermore, the financial instability of other highly leveraged property developers weighed on homebuyer confidence, leading prospective buyers to be more cautious in making purchase decision. To revive the faltering economy, the Central Government lowered lending rates and rolled out measures to ease mortgage financing.

In Hong Kong, the outbreak of the fifth wave of COVID-19 in early 2022 and the consequent strict quarantine and travelling restrictions have widely affected the domestic economy, resulting in a year-on-year contraction of 4.5% in the third quarter of 2022. Seeing that the pandemic gradually brought under control in recent months, the HKSAR Government eased the social distancing measures progressively and the domestic market is set to regain momentum. In light of the government's strategy to boost public housing supply and its vision to develop the Northern Metropolis, we believe that the local economy will benefit from ample business opportunities and the massive infrastructure works in the near future. Looking ahead, we remain cautiously optimistic and will keep abreast of changes in the external market including the monetary policies of major central banks and global geopolitical risks.

Finally, I wish to express my sincere thanks to my fellow directors for their contributions and all staff members for their hard work during the period under review.

**James Sai-Wing Wong**  
*Chairman*

Hong Kong, 29 November 2022

## GENERAL INFORMATION

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2022, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### (a) Directors' interests in the ordinary shares of the Company

| Name of director                     | Notes | Capacity and nature of interest | Number of ordinary shares held | Percentage of the Company's issued shares |
|--------------------------------------|-------|---------------------------------|--------------------------------|---|
| Dr. James Sai-Wing Wong ("Dr. Wong") | 1 & 2 | Through controlled corporations | 502,262,139                    | 69.72                                     |

#### (b) Directors' interests in the ordinary shares/paid-up registered capital of associated corporations

| Name of director | Notes | Name of associated corporation                       | Capacity and nature of interest | Number of ordinary shares/ amount of paid-up registered capital held | Percentage of the associated corporation's issued shares/ paid-up registered capital |
|------------------|-------|--|---------------------------------|--|--|
| Dr. Wong         | 1 & 3 | Chinney Investments, Limited ("Chinney Investments") | Through controlled corporations | 341,439,324  | 61.93  |
|                  | 1     | Chinney Investments                                  | Beneficially owned              | 480,000  | 0.09   |
|                  | 1 & 4 | Chinney Holdings Limited ("Chinney Holdings")        | Through controlled corporation  | 9,900,000  | 99.00  |
|                  | 1     | Chinney Holdings                                     | Beneficially owned              | 100,000  | 1.00   |
|                  | 1     | Lucky Year Finance Limited ("Lucky Year")            | Beneficially owned              | 20,000   | 100.00   |
|                  | 1 & 5 | Guangzhou Honkwok Fuqiang Land Development Ltd.      | Through controlled corporations | RMB185,000,000   | 100.00   |
|                  | 1 & 6 | Chinney Trading Company Limited ("Chinney Trading")  | Through controlled corporations | 7,150  | 55.00  |

## GENERAL INFORMATION *(Continued)*

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

*(Continued)*

Notes:

1. *All the interests stated above represent long positions.*
2. *Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by Chinney Investments, which is a subsidiary of Chinney Holdings. More than one-third of the equity capital of Chinney Holdings is owned by Lucky Year of which Dr. Wong is a director and has beneficial interests therein. The remaining 11,756,000 shares are held by Chinney Capital Limited ("Chinney Capital") of which Dr. Wong is a director and has beneficial interests therein.*
3. *These shares are beneficially held by Chinney Holdings. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.*
4. *These shares are beneficially held by Lucky Year. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.*
5. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is paid up by a wholly-owned subsidiary of the Company and RMB74,000,000 is paid up by a company controlled by Dr. Wong. By virtue of note 2, Dr. Wong is deemed to be interested in this company.*
6. *Out of the 13,000 issued shares of Chinney Trading, 2,600 shares are held by a wholly-owned subsidiary of the Company and 4,550 shares are held by a company controlled by Dr. Wong. By virtue of note 2, Dr. Wong is deemed to be interested in this company.*

Save as disclosed herein, as at 30 September 2022, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## GENERAL INFORMATION *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2022, so far as is known to the directors of the Company, the following substantial shareholders and other persons had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

| Name                | Notes   | Capacity and nature of interest | Number of ordinary shares held | Percentage of the Company's issued shares |
|---------------------|---------|---------------------------------|--------------------------------|---|
| Dr. Wong            | 1, 2, 3 | Through controlled corporations | 502,262,139                    | 69.72                                     |
| Lucky Year          | 1 & 2   | Through controlled corporations | 490,506,139                    | 68.09                                     |
| Chinney Holdings    | 1 & 2   | Through controlled corporation  | 490,506,139                    | 68.09                                     |
| Chinney Investments | 1 & 2   | Directly beneficially owned     | 490,506,139                    | 68.09                                     |

Notes:

1. All the interests stated above represent long positions.
2. Dr. Wong, Lucky Year, Chinney Holdings and Chinney Investments are deemed to be interested in the same parcel of 490,506,139 shares by virtue of Section 316 of the SFO.
3. 11,756,000 shares are held by Chinney Capital of which Dr. Wong is a director and has beneficial interests therein.

Save as disclosed herein, as at 30 September 2022, none of the substantial shareholders or other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2022.

### DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

- (a) In February 2019, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the “Facility Agreement”) relating to HK\$1,500 million transferable term and revolving loan facilities (the “Loan Facilities”) with a syndicate of financial institutions (the “Lenders”). The Loan Facilities have a term of 48 months commencing from the date of the Facility Agreement and to be used for refinancing the existing syndicated loan with an outstanding balance of HK\$440 million and financing the general corporate funding requirements of the Group.

Pursuant to the Facility Agreement, it shall be an event of default if (i) Chinney Investments ceases to be the major beneficial shareholder of the Company as a result of Chinney Investments ceasing to hold no less than 30% effective shareholding of the Company or does not or ceases to maintain management control of the Company; or (ii) Dr. Wong, the Chairman of both Chinney Investments and the Company, or his family members collectively, do not or cease to hold the major beneficial ultimate shareholding interest in Chinney Investments.

If an event of default under the Facility Agreement occurs, the agent acting for the Lenders may, and shall if so requested by a majority of the Lenders, terminate the Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the Loan Facilities to be immediately due and payable.

- (b) In March 2020, Vast Champ Investment (Chongqing) Co., Ltd. (the “Onshore Borrower”), being a direct wholly-owned subsidiary of the Offshore Borrower (as defined below) and an indirect wholly-owned subsidiary of the Company, as borrower, entered into a loan agreement (固定資產貸款借款合同) (the “Onshore Loan Agreement”) relating to a term loan facility in the principal amount up to RMB450 million (the “Onshore Loan Facility”) with a PRC branch of a bank in Hong Kong (the “Onshore Lender”). The Onshore Loan Facility will be mainly used for refinancing the existing banking facility of the Onshore Borrower and repayment of inter-company loans, and also as general working capital for the daily operation of the Onshore Borrower. The tenor of the Onshore Loan Facility shall be 5 years commencing from the first drawdown date of the Onshore Loan Facility, or up to the maturity date of the Offshore Loan Facility (as defined below), whichever is later.

Pursuant to the Onshore Loan Agreement, the Onshore Borrower undertakes with the Onshore Lender, inter alia, that (1) it will procure Chinney Investments to continue to (i) be the major beneficial ultimate shareholder of the Company; (ii) hold not less than 30% effective shareholding of the Company; and (iii) maintain management control of the Company; and (2) Dr. Wong, the Chairman of both Chinney Investments and the Company, or his family members or his designated trust beneficiary shall continue to collectively remain as the major beneficial ultimate shareholder of Chinney Investments.

If any of the undertakings as stipulated in the Onshore Loan Agreement are not performed by the Onshore Borrower, it will constitute an event of default and the occurrence of which, if not being remedied by the Onshore Borrower within the period as allowed by the Onshore Lender, would render the Onshore Lender having the right to declare the Onshore Loan Facility to be immediately due and payable.

## GENERAL INFORMATION *(Continued)*

### DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES *(Continued)*

- (c) In March 2020, Vast Champ Investment Limited (the “Offshore Borrower”), an indirect wholly-owned subsidiary of the Company, as borrower, entered into a loan agreement (the “Offshore Loan Agreement”) relating to a term loan facility in the principal amount up to HK\$100 million (the “Offshore Loan Facility”) with a bank in Hong Kong (the “Offshore Lender”). The Offshore Loan Facility will be used for repayment of inter-company loans raised for the purpose of refinancing an existing banking facility of the Offshore Borrower. The tenor of the Offshore Loan Facility shall be 5 years from the drawdown date of the Offshore Loan Facility or up to the maturity date of the Onshore Loan Facility, whichever is earlier.

Pursuant to the Offshore Loan Agreement, it shall be an event of default if (1) Chinney Investments ceases to (i) be the major beneficial ultimate shareholder of the Company; or (ii) hold not less than 30% effective shareholding of the Company, or (iii) maintain management control of the Company; or (2) Dr. Wong, the Chairman of both Chinney Investments and the Company, or his family members or his designated trust beneficiary ceases to collectively remain the major beneficial ultimate shareholder of Chinney Investments.

If an event of default under the Offshore Loan Agreement occurs, the Offshore Lender may declare all outstanding amounts together with all interest accrued under the Offshore Loan Facility to be immediately due and payable.

### CONNECTED TRANSACTIONS

1. On 12 July 2018, Gold Famous Development Limited (“Gold Famous”), an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with Chinney Construction Company, Limited (“Chinney Construction”), an indirect wholly-owned subsidiary of Chinney Alliance Group Limited (“Chinney Alliance”) (Stock Code: 385), pursuant to which, Gold Famous engaged Chinney Construction to act as the main contractor to carry out construction works for the construction and development of a data centre at K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong (the “Data Centre Project”) at a total contract sum not exceeding HK\$757,800,000. As Chinney Investments is interested in approximately 68.09% of the issued shares of the Company and approximately 29.10% of the issued shares of Chinney Alliance and Dr. Wong is the chairman, executive director and a controlling shareholder of each of Chinney Investments, the Company and Chinney Alliance, the related transaction constituted a connected transaction for each of Chinney Investments, the Company and Chinney Alliance under the Listing Rules. The transaction was approved by the independent shareholders of Chinney Investments, the Company and Chinney Alliance at the respective general meetings held by each of the companies on 24 August 2018.

Details of the transaction were set out in the joint announcement of Chinney Investments, the Company and Chinney Alliance dated 12 July 2018 and the Company’s circular dated 8 August 2018. Construction works were completed and pending for agreement of variation orders and final accounts of the project. During the six months ended 30 September 2022, HK\$19,674,000 was paid to Chinney Construction in respect of the transaction.

## GENERAL INFORMATION *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

- On 26 September 2022, Honour Well Development Limited (“Honour Well”), an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with each of Chinney Construction and Shun Cheong Building Services Limited (“Shun Cheong”), both being indirect wholly-owned subsidiaries of Chinney Alliance, pursuant to which, Chinney Construction was appointed by Honour Well as the contractor for the builder’s works at the contract sum of not exceeding HK\$96,300,000 and Shun Cheong was appointed by Honour Well as the contractor for the mechanical and electrical engineering works and façade works at the contract sum of not exceeding HK\$141,000,000 relating to the revamp project of the building located at 119-121 Connaught Road Central, Sheung Wan, Hong Kong. As Chinney Investments is interested in approximately 68.09% of the issued shares of the Company and approximately 29.10% of the issued shares of Chinney Alliance and Dr. Wong is the chairman, executive director and a controlling shareholder of each of Chinney Investments, the Company and Chinney Alliance, the related transactions constituted connected transactions for each of Chinney Investments, the Company and Chinney Alliance under the Listing Rules. The transactions were approved by independent shareholders of Chinney Investments, the Company and Chinney Alliance at the respective general meetings held by each of the companies on 28 November 2022.

Details of the transactions were set out in the joint announcement of Chinney Investments, the Company and Chinney Alliance dated 26 September 2022 and the Company’s circular dated 8 November 2022.

### CORPORATE GOVERNANCE

#### Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for directors’ securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 September 2022.

## GENERAL INFORMATION *(Continued)*

### CORPORATE GOVERNANCE *(Continued)*

#### Compliance with the Corporate Governance Code

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules for the six months ended 30 September 2022, except for the following deviations:

1. CG Code provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The articles of association of the Company (the “Articles of Association”) do not require the directors to retire by rotation at least once every three years. However, in accordance with article 104 of the Articles of Association, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), other than the one who holds the office as executive chairman or managing director, shall retire from office by rotation. The Board will ensure the retirement of each director, other than the one who holds the office as executive chairman or managing director, by rotation at least once every three years in order to comply with the CG Code provisions.

The Chairman will not be subject to retirement by rotation; which deviates from CG Code provision B.2.2 as the Board considers that the continuity of office of the Chairman provides the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

2. CG Code provision E.1.2 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions.

The Company has adopted the revised terms of reference of the Remuneration Committee on 30 March 2012 with certain deviations from the CG Code provisions. Pursuant to the revised terms of reference, the Remuneration Committee reviews and makes recommendations to the Board on the remuneration packages of directors (as opposed to directors and senior management).

#### Audit Committee

The Company has established an Audit Committee comprising Mr. James C. Chen, Ms. Janie Fong and Mr. David Tak-Wai Ma.

Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice each year to review and supervise the Group’s financial reporting process and internal control. The Company’s interim results for the six months ended 30 September 2022 have not been audited, but have been reviewed by the Audit Committee.

## FINANCIAL REVIEW

### Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK\$5,643 million as at 30 September 2022 (as at 31 March 2022: HK\$5,570 million), of which approximately 39% (as at 31 March 2022: 56%) of the debts were classified as current liabilities. Included therein were debts of HK\$33 million related to bank loans with repayable on demand clause and HK\$1,928 million related to project or term loans which will be refinanced during the forthcoming twelve months. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts would be approximately 4%.

Total cash and bank balances including time deposits were approximately HK\$1,771 million as at 30 September 2022 (as at 31 March 2022: HK\$1,877 million) and the decrease was mainly due to the repayment of bank loans and payment of construction costs for property development projects. The Group had committed but undrawn banking facilities of a total of approximately HK\$797 million at period end available for its working capital purpose.

Total shareholders' funds as at 30 September 2022 were approximately HK\$11,377 million (as at 31 March 2022: HK\$12,264 million). The decrease was primarily due to the depreciation of Renminbi-denominated net assets, net of profit attributable to shareholders less dividend paid.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK\$3,872 million (as at 31 March 2022: HK\$3,693 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK\$11,575 million (as at 31 March 2022: HK\$12,513 million), was 33% as at 30 September 2022 (as at 31 March 2022: 30%).

### Funding and treasury policies

There are no significant changes in the Group's funding and treasury policies. As at 30 September 2022, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

### Pledge of assets

Properties with an aggregate carrying value of approximately HK\$15,253 million as at 30 September 2022 were pledged to secure certain banking facilities of the Group.

### Employees and remuneration policies

The Group, not including its joint venture and associate, employed approximately 360 employees as at 30 September 2022 (as at 31 March 2022: approximately 360). There have been no significant changes in the remuneration policies and benefits to the employees of the Group.

### Contingent liabilities

Particulars of the Group's contingent liabilities are set out in note 12 to the condensed interim consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|  |              | <b>Six months ended</b> |                  |
|--|--------------|-------------------------|------------------|
|  |              | <b>30 September</b>     |                  |
|  |              | <b>2022</b>             | 2021             |
|  |              | <b>(Unaudited)</b>      | (Unaudited)      |
|  | <i>Notes</i> | <b>HK\$'000</b>         | <b>HK\$'000</b>  |
| <b>Revenue</b>   | 3            | <b>629,084</b>          | 608,375          |
| Cost of sales  |              | <u>(282,008)</u>        | <u>(258,557)</u> |
| Gross profit   |              | <b>347,076</b>          | 349,818          |
| Other income   | 3            | <b>25,164</b>           | 42,575           |
| Fair value gains/(losses) on investment properties, net                          |              | <b>4,998</b>            | (41,099)         |
| Administrative expenses  |              | <b>(65,149)</b>         | (49,812)         |
| Other operating expenses, net  |              | <b>(24,554)</b>         | (29,201)         |
| Finance costs  | 4            | <b>(90,884)</b>         | (78,263)         |
| Share of profit of an associate  |              | <u><b>16,681</b></u>    | <u>22,495</u>    |
| <b>Profit before tax</b>   | 5            | <b>213,332</b>          | 216,513          |
| Income tax expense   | 6            | <u><b>(97,415)</b></u>  | <u>(94,320)</u>  |
| <b>Profit for the period</b>   |              | <u><b>115,917</b></u>   | <u>122,193</u>   |
| Attributable to:   |              |                         |                  |
| Owners of the Company  |              | <b>114,117</b>          | 122,175          |
| Non-controlling interests  |              | <u><b>1,800</b></u>     | <u>18</u>        |
|  |              | <u><b>115,917</b></u>   | <u>122,193</u>   |
| <b>Earnings per share attributable to ordinary equity holders of the Company</b> |              |                         |                  |
| Basic and diluted  | 7            | <u><b>HK\$0.16</b></u>  | <u>HK\$0.17</u>  |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | <b>Six months ended</b> |                    |
|---|-------------------------|--------------------|
|   | <b>30 September</b>     |                    |
|   | <b>2022</b>             | <b>2021</b>        |
|   | <b>(Unaudited)</b>      | <b>(Unaudited)</b> |
|   | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
| <b>Profit for the period</b>  | <b>115,917</b>          | 122,193            |
| <b>Other comprehensive income/(loss)</b>  |                         |                    |
| Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods: |                         |                    |
| Share of other comprehensive income/(loss) of an associate                                    | <b>(54,275)</b>         | 6,590              |
| Exchange differences on translation of foreign operations                                     | <u><b>(909,372)</b></u> | <u>116,210</u>     |
| <b>Other comprehensive income/(loss) for the period, net of tax</b>                           | <u><b>(963,647)</b></u> | <u>122,800</u>     |
| <b>Total comprehensive income/(loss) for the period</b>                                       | <u><b>(847,730)</b></u> | <u>244,993</u>     |
| <b>Attributable to:</b>   |                         |                    |
| Owners of the Company   | <b>(796,647)</b>        | 237,712            |
| Non-controlling interests   | <u><b>(51,083)</b></u>  | <u>7,281</u>       |
|   | <u><b>(847,730)</b></u> | <u>244,993</u>     |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   |              | At<br>30 September<br>2022<br>(Unaudited)<br>HK\$'000 | At<br>31 March<br>2022<br>(Audited)<br>HK\$'000 |
|---|--------------|---|---|
|   | <i>Notes</i> |   |   |
| <b>NON-CURRENT ASSETS</b>   |              |   |   |
| Property, plant and equipment   |              | 260,329   | 305,250   |
| Investment properties   |              | 14,345,908  | 15,308,966                                      |
| Investment in a joint venture   |              | 199   | 199   |
| Investment in an associate  |              | 763,991   | 801,585   |
| Financial asset at fair value through other comprehensive income                  |              | <u>60,127</u>   | <u>—</u>  |
| Total non-current assets  |              | <u>15,430,554</u>                                     | <u>16,416,000</u>                               |
| <b>CURRENT ASSETS</b>   |              |   |   |
| Tax recoverable   |              | 216   | 436   |
| Properties held for sale under development and completed properties held for sale |              | 1,764,139   | 1,957,931                                       |
| Trade receivables   | 9            | 13,601  | 14,319  |
| Contract costs  |              | 10,418  | 17,451  |
| Prepayments, deposits and other receivables                                       |              | 244,824   | 255,208   |
| Financial asset at fair value through profit or loss                              |              | 4,487   | —   |
| Cash and bank balances  |              | <u>1,771,400</u>                                      | <u>1,877,175</u>                                |
| Total current assets  |              | <u>3,809,085</u>                                      | <u>4,122,520</u>                                |
| <b>CURRENT LIABILITIES</b>  |              |   |   |
| Trade payables, other payables and accrued liabilities                            | 10           | 152,010   | 209,464   |
| Interest-bearing bank borrowings  |              | 2,211,715   | 3,107,368                                       |
| Lease liabilities   |              | 14,464  | 20,004  |
| Contract liabilities  |              | 199,056   | 421,238   |
| Customer deposits   |              | 78,624  | 86,354  |
| Tax payable   |              | <u>309,046</u>  | <u>308,765</u>                                  |
| Total current liabilities   |              | <u>2,964,915</u>                                      | <u>4,153,193</u>                                |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>   |              | <u>844,170</u>  | <u>(30,673)</u>                                 |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                                      |              | <u>16,274,724</u>                                     | <u>16,385,327</u>                               |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

|  |             | At<br>30 September<br>2022<br>(Unaudited)<br><i>HK\$'000</i> | At<br>31 March<br>2022<br>(Audited)<br><i>HK\$'000</i> |
|--|-------------|--|--|
|  | <i>Note</i> |  |  |
| <b>NON-CURRENT LIABILITIES</b>               |             |  |  |
| Interest-bearing bank borrowings             |             | 3,402,089  | 2,419,303  |
| Lease liabilities                            |             | 14,564   | 23,711   |
| Deferred tax liabilities                     |             | <u>1,282,748</u>   | <u>1,429,206</u>                                       |
| <br>Total non-current liabilities            |             | <br><u>4,699,401</u>   | <br><u>3,872,220</u>                                   |
| <br>Net assets                               |             | <br><u>11,575,323</u>  | <br><u>12,513,107</u>                                  |
| <b>EQUITY</b>                                |             |  |  |
| Equity attributable to owners of the Company |             |  |  |
| Share capital                                | 11          | 1,519,301  | 1,519,301  |
| Reserves                                     |             | <u>9,858,188</u>   | <u>10,744,889</u>                                      |
|  |             | 11,377,489   | 12,264,190   |
| <br>Non-controlling interests                |             | <br><u>197,834</u>   | <br><u>248,917</u>                                     |
| <br>Total equity                             |             | <br><u>11,575,323</u>  | <br><u>12,513,107</u>                                  |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Attributable to owners of the Company |                  |                   |                   |                |                   |
|---|---------------------------------------|------------------|-------------------|-------------------|----------------|-------------------|
|   | Share                                 | Exchange         | Retained          | Total             | Non-           | Total             |
|   | capital                               | fluctuation      | profits           |                   | controlling    | equity            |
|   | (Unaudited)                           | reserve          | (Unaudited)       | (Unaudited)       | interests      | (Unaudited)       |
|   | (Unaudited)                           | (Unaudited)      | (Unaudited)       | (Unaudited)       | (Unaudited)    | (Unaudited)       |
|   | HK\$'000                              | HK\$'000         | HK\$'000          | HK\$'000          | HK\$'000       | HK\$'000          |
| At 1 April 2021   | 1,519,301                             | 203,838          | 10,253,280        | 11,976,419        | 233,375        | 12,209,794        |
| Profit for the period                                     | -                                     | -                | 122,175           | 122,175           | 18             | 122,193           |
| Other comprehensive income for the period:                |                                       |                  |                   |                   |                |                   |
| Exchange differences on translation of foreign operations | -                                     | 115,537          | -                 | 115,537           | 7,263          | 122,800           |
| Total comprehensive income for the period                 | -                                     | 115,537          | 122,175           | 237,712           | 7,281          | 244,993           |
| Final dividend in respect of previous financial year      | -                                     | -                | (90,054)          | (90,054)          | -              | (90,054)          |
| <b>At 30 September 2021</b>                               | <b>1,519,301</b>                      | <b>319,375</b>   | <b>10,285,401</b> | <b>12,124,077</b> | <b>240,656</b> | <b>12,364,733</b> |
| At 1 April 2022   | 1,519,301                             | 489,970          | 10,254,919        | 12,264,190        | 248,917        | 12,513,107        |
| Profit for the period                                     | -                                     | -                | 114,117           | 114,117           | 1,800          | 115,917           |
| Other comprehensive loss for the period:                  |                                       |                  |                   |                   |                |                   |
| Exchange differences on translation of foreign operations | -                                     | (910,764)        | -                 | (910,764)         | (52,883)       | (963,647)         |
| Total comprehensive income/(loss) for the period          | -                                     | (910,764)        | 114,117           | (796,647)         | (51,083)       | (847,730)         |
| Final dividend in respect of previous financial year      | -                                     | -                | (90,054)          | (90,054)          | -              | (90,054)          |
| <b>At 30 September 2022</b>                               | <b>1,519,301</b>                      | <b>(420,794)</b> | <b>10,278,982</b> | <b>11,377,489</b> | <b>197,834</b> | <b>11,575,323</b> |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|   | Notes | Six months ended<br>30 September |                                 |
|---|-------|----------------------------------|---------------------------------|
|   |       | 2022<br>(Unaudited)<br>HK\$'000  | 2021<br>(Unaudited)<br>HK\$'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |       |                                  |                                 |
| Profit before tax   |       | 213,332                          | 216,513                         |
| Adjustments for:  |       |                                  |                                 |
| Finance costs   | 4     | 90,884                           | 78,263                          |
| Share of profit of an associate   |       | (16,681)                         | (22,495)                        |
| Interest income   | 3     | (8,175)                          | (6,128)                         |
| Gain on disposal of items of property,<br>plant and equipment   |       | –                                | (25,335)                        |
| Depreciation of property, plant and equipments  | 5     | 2,846                            | 3,187                           |
| Depreciation of right-of-use assets   | 5     | 14,366                           | 16,390                          |
| Fair value losses/(gains) on investment properties, net   |       | (4,998)                          | 41,099                          |
| Fair value loss on a financial asset at fair value<br>through profit or loss  | 5     | 1,260                            | –                               |
|   |       | <b>292,834</b>                   | <b>301,494</b>                  |
| Decrease in properties held for sale under development<br>and completed properties held for sale                      |       | 109,133                          | 110,261                         |
| Decrease in trade receivables   |       | 718                              | 4,876                           |
| Decrease/(increase) in prepayments,<br>deposits and other receivables   |       | 1,810                            | (66,142)                        |
| Decrease in contract costs  |       | 6,364                            | 588                             |
| Decrease in trade payables, other payables<br>and accrued liabilities   |       | (32,395)                         | (18,477)                        |
| Increase/(decrease) in contract liabilities   |       | (207,385)                        | 17,162                          |
| Increase/(decrease) in customer deposits  |       | (3,991)                          | 7,278                           |
|   |       | <b>167,088</b>                   | <b>357,040</b>                  |
| Interest paid   |       | (324)                            | (613)                           |
| Overseas taxes paid   |       | (74,587)                         | (137,584)                       |
|   |       | <b>92,177</b>                    | <b>218,843</b>                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |       |                                  |                                 |
| Interest received   |       | 8,175                            | 6,128                           |
| Purchases of items of property, plant and equipment   |       | (354)                            | (258)                           |
| Purchases of a financial asset at fair value through<br>profit or loss  |       | (5,747)                          | –                               |
| Purchases of a financial asset at fair value through<br>other comprehensive income                                    |       | (60,127)                         | –                               |
| Proceeds from disposal of items of property,<br>plant and equipment   |       | –                                | 26,359                          |
| Additions to investment properties  |       | (45,519)                         | (20,127)                        |
| Decrease/(increase) in non-pledged time deposits<br>with original maturity of more than three months<br>when acquired |       | 1,940                            | (30)                            |
|   |       | <b>(101,632)</b>                 | <b>12,072</b>                   |
| Net cash flows from/(used in) investing activities  |       | <b>(101,632)</b>                 | <b>12,072</b>                   |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

|  | Six months ended<br>30 September |                                 |
|--|----------------------------------|---------------------------------|
|  | 2022<br>(Unaudited)<br>HK\$'000  | 2021<br>(Unaudited)<br>HK\$'000 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                  |                                 |
| New bank loans   | 1,272,234                        | 187,214                         |
| Repayment of bank loans  | (998,057)                        | (498,153)                       |
| Dividends paid   | (90,054)                         | (90,054)                        |
| Interest paid  | (106,080)                        | (86,608)                        |
| Principal portion of lease payments  | (15,011)                         | (9,373)                         |
|  | <u>63,032</u>                    | <u>(496,974)</u>                |
| Net cash flows from/(used in) financing activities   |                                  |                                 |
| <b>NET INCREASE/(DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</b>                                |                                  |                                 |
|  | 53,577                           | (266,059)                       |
| Cash and cash equivalents at beginning of period   | 1,847,908                        | 1,906,128                       |
| Effect of foreign exchange rates changes, net  | (154,716)                        | 21,232                          |
|  | <u>1,746,769</u>                 | <u>1,661,301</u>                |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>  |                                  |                                 |
| <b>ANALYSIS OF BALANCES OF CASH AND<br/>CASH EQUIVALENTS</b>                                   |                                  |                                 |
| Cash and bank balances   | 1,730,769                        | 1,661,301                       |
| Non-pledged time deposits  | 40,631                           | 2,823                           |
|  | <u>1,771,400</u>                 | <u>1,664,124</u>                |
| Cash and bank balances as stated in the condensed consolidated statement of financial position |                                  |                                 |
| Non-pledged time deposits with original maturity of more than three months when acquired       | (24,631)                         | (2,823)                         |
|  | <u>1,746,769</u>                 | <u>1,661,301</u>                |

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### Basis of preparation

The unaudited condensed interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2022.

The financial information relating to the year ended 31 March 2022 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 September 2022 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

### Changes in accounting policies and disclosures

The unaudited condensed interim consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial asset at fair value through profit and loss which have been measured at fair value. The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2022, except as described below. The Group has applied, for the first time, the following revised Hong Kong Financial Reporting Standards (“HKFRS”, which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA for the current period’s financial information.

The adoption of these revised accounting standards does not have material impact on the Group’s unaudited condensed interim consolidated financial statements.

Amendments to HKFRS 3  
Amendments to HKAS 16

*Reference to the Conceptual Framework  
Property, Plant and Equipment: Proceeds before  
Intended Use*

Amendments to HKAS 37  
*Annual Improvements to  
HKFRSs 2018-2020*

*Onerous Contracts – Cost of Fulfilling a Contract  
Amendments to HKFRS 1, HKFRS 9, Illustrative  
Examples accompanying HKFRS 16, and HKAS 41*

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in property development, property investment and property related activities. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel.

#### (a) Business segments

|   | Six months ended 30 September 2022 (Unaudited) |   |   |                          |
|---|--|---|---|--------------------------|
|   | Property<br>development<br><i>HK\$'000</i>     | Property<br>investment<br><i>HK\$'000</i> | Property,<br>carpark<br>management<br>and others<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| <b>Segment revenue:</b>                                     |  |   |   |                          |
| Sales to external customers                                 | <u>394,047</u>                                 | <u>211,632</u>                            | <u>23,405</u>   | <u>629,084</u>           |
| <b>Segment results</b>                                      | <u>173,303</u>                                 | <u>138,276</u>                            | <u>6,970</u>  | 318,549                  |
| <i>Reconciliation:</i>                                      |  |   |   |                          |
| Interest income   |  |   |   | 8,175                    |
| Unallocated expenses  |  |   |   | (39,513)                 |
| Finance costs (other than interest<br>on lease liabilities) |  |   |   | (90,560)                 |
| Share of profit of an associate                             |  |   |   | <u>16,681</u>            |
| Profit before tax   |  |   |   | <u>213,332</u>           |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 2. OPERATING SEGMENT INFORMATION *(Continued)*

#### (a) Business segments *(Continued)*

|   | Six months ended 30 September 2021 (Unaudited) |   |   |                          |
|---|--|---|---|--------------------------|
|   | Property<br>development<br><i>HK\$'000</i>     | Property<br>investment<br><i>HK\$'000</i> | Property,<br>carpark<br>management<br>and others<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| <b>Segment revenue:</b>                                     |  |   |   |                          |
| Sales to external customers                                 | <u>377,046</u>                                 | <u>212,102</u>                            | <u>19,227</u>   | <u>608,375</u>           |
| <b>Segment results</b>                                      | <u>212,572</u>                                 | <u>86,266</u>                             | <u>6,429</u>  | 305,267                  |
| <i>Reconciliation:</i>                                      |  |   |   |                          |
| Interest income   |  |   |   | 6,128                    |
| Unallocated expenses  |  |   |   | (39,727)                 |
| Finance costs (other than interest<br>on lease liabilities) |  |   |   | (77,650)                 |
| Share of profit of an associate                             |  |   |   | <u>22,495</u>            |
| Profit before tax   |  |   |   | <u>216,513</u>           |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 2. OPERATING SEGMENT INFORMATION (Continued)

#### (a) Business segments (Continued)

|   | At 30 September 2022 (Unaudited)    |                                    |  | Total<br>HK\$'000        |
|---|-------------------------------------|------------------------------------|--|--------------------------|
|   | Property<br>development<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Property,<br>carpark<br>management<br>and others<br>HK\$'000 |                          |
| <b>Segment assets</b>                       | <b>2,368,684</b>                    | <b>14,804,853</b>                  | <b>1,727,952</b>   | <b>18,901,489</b>        |
| <i>Reconciliation:</i>                      |                                     |                                    |  |                          |
| Elimination of intersegment receivables     |                                     |                                    |  | (2,197,656)              |
| Investment in a joint venture               |                                     |                                    |  | 199                      |
| Investment in an associate                  |                                     |                                    |  | 763,991                  |
| Corporate and other unallocated assets      |                                     |                                    |  | <u>1,771,616</u>         |
| Total assets                                |                                     |                                    |  | <u><u>19,239,639</u></u> |
| <b>Segment liabilities</b>                  | <b>1,313,075</b>                    | <b>1,118,799</b>                   | <b>224,500</b>   | <b>2,656,374</b>         |
| <i>Reconciliation:</i>                      |                                     |                                    |  |                          |
| Elimination of intersegment payables        |                                     |                                    |  | (2,197,656)              |
| Corporate and other unallocated liabilities |                                     |                                    |  | <u>7,205,598</u>         |
| Total liabilities                           |                                     |                                    |  | <u><u>7,664,316</u></u>  |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 2. OPERATING SEGMENT INFORMATION (Continued)

#### (a) Business segments (Continued)

|   | At 31 March 2022 (Audited)          |                                    |  | Total<br>HK\$'000        |
|---|-------------------------------------|------------------------------------|--|--------------------------|
|   | Property<br>development<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Property,<br>carpark<br>management<br>and others<br>HK\$'000 |                          |
| <b>Segment assets</b>                       | 2,176,175                           | 15,792,178                         | 2,010,795  | 19,979,148               |
| <i>Reconciliation:</i>                      |                                     |                                    |  |                          |
| Elimination of intersegment receivables     |                                     |                                    |  | (2,120,023)              |
| Investment in a joint venture               |                                     |                                    |  | 199                      |
| Investment in an associate                  |                                     |                                    |  | 801,585                  |
| Corporate and other unallocated assets      |                                     |                                    |  | <u>1,877,611</u>         |
| Total assets                                |                                     |                                    |  | <u><u>20,538,520</u></u> |
| <b>Segment liabilities</b>                  | 1,421,656                           | 1,149,904                          | 309,234  | 2,880,794                |
| <i>Reconciliation:</i>                      |                                     |                                    |  |                          |
| Elimination of intersegment payables        |                                     |                                    |  | (2,120,023)              |
| Corporate and other unallocated liabilities |                                     |                                    |  | <u>7,264,642</u>         |
| Total liabilities                           |                                     |                                    |  | <u><u>8,025,413</u></u>  |

#### (b) Geographical segments – Revenue

|                | Six months ended<br>30 September |                                 |
|----------------|----------------------------------|---------------------------------|
|                | 2022<br>(Unaudited)<br>HK\$'000  | 2021<br>(Unaudited)<br>HK\$'000 |
| Hong Kong      | 96,816                           | 93,467                          |
| Mainland China | <u>532,268</u>                   | <u>514,908</u>                  |
|                | <u><u>629,084</u></u>            | <u><u>608,375</u></u>           |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3. REVENUE AND OTHER INCOME

#### Disaggregation of revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

|   | Six months ended 30 September 2022 (Unaudited) |                                    |  | Total<br>HK\$'000 |
|---|--|------------------------------------|--|-------------------|
|   | Property<br>development<br>HK\$'000            | Property<br>investment<br>HK\$'000 | Property,<br>carpark<br>management<br>and others<br>HK\$'000 |                   |
| <b>Segment</b>                                  |  |                                    |  |                   |
| Type of goods or services                       |  |                                    |  |                   |
| Sales of properties                             | 394,047  | –                                  | –  | 394,047           |
| Property management income                      | –  | 19,619                             | 934  | 20,553            |
| Total revenue from contracts<br>with customers  | 394,047  | 19,619                             | 934  | 414,600           |
| Revenue from other sources                      |  |                                    |  |                   |
| Gross rental income                             | –  | 192,013                            | 22,471   | 214,484           |
| Total revenue from other sources                | –  | 192,013                            | 22,471   | 214,484           |
| Revenue disclosed in the segment<br>information | 394,047  | 211,632                            | 23,405   | 629,084           |
| Timing of revenue recognition                   |  |                                    |  |                   |
| Goods transferred at a point in time            | 394,047  | –                                  | –  | 394,047           |
| Services transferred over time                  | –  | 19,619                             | 934  | 20,553            |
| Total revenue from contracts<br>with customers  | 394,047  | 19,619                             | 934  | 414,600           |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3. REVENUE AND OTHER INCOME (Continued)

#### Disaggregation of revenue (Continued)

|   | Six months ended 30 September 2021 (Unaudited) |                                    |  | Total<br>HK\$'000 |
|---|--|------------------------------------|--|-------------------|
|   | Property<br>development<br>HK\$'000            | Property<br>investment<br>HK\$'000 | Property,<br>carpark<br>management<br>and others<br>HK\$'000 |                   |
| <b>Segment</b>                                  |  |                                    |  |                   |
| Type of goods or services                       |  |                                    |  |                   |
| Sales of properties                             | 377,046  | –                                  | –  | 377,046           |
| Property management income                      | –  | 21,601                             | 848  | 22,449            |
| Total revenue from contracts<br>with customers  | 377,046  | 21,601                             | 848  | 399,495           |
| Revenue from other sources                      |  |                                    |  |                   |
| Gross rental income                             | –  | 190,501                            | 18,379   | 208,880           |
| Total revenue from other sources                | –  | 190,501                            | 18,379   | 208,880           |
| Revenue disclosed in the segment<br>information | 377,046  | 212,102                            | 19,227   | 608,375           |
| Timing of revenue recognition                   |  |                                    |  |                   |
| Goods transferred at a point in time            | 377,046  | –                                  | –  | 377,046           |
| Services transferred over time                  | –  | 21,601                             | 848  | 22,449            |
| Total revenue from contracts<br>with customers  | 377,046  | 21,601                             | 848  | 399,495           |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 3. REVENUE AND OTHER INCOME *(Continued)*

#### Other income

|   | <b>Six months ended</b> |               |
|---|-------------------------|---------------|
|   | <b>30 September</b>     |               |
|   | <b>2022</b>             | 2021          |
|   | <b>(Unaudited)</b>      | (Unaudited)   |
|   | <b>HK\$'000</b>         | HK\$'000      |
| Bank interest income                              | 8,175                   | 6,128         |
| Government subsidies <sup>#</sup>                 | 2,954                   | –             |
| Others  | 14,035                  | 11,112        |
| Gain on disposal of property, plant and equipment | –                       | 25,335        |
|   | <b>25,164</b>           | <b>42,575</b> |

<sup>#</sup> The government subsidies represent mainly grants from the Employment Support Scheme of the Hong Kong Government, which aim to retain employment and combat COVID-19. There were no unfulfilled conditions or contingencies relating to these subsidies.

### 4. FINANCE COSTS

|  | <b>Six months ended</b> |               |
|--|-------------------------|---------------|
|  | <b>30 September</b>     |               |
|  | <b>2022</b>             | 2021          |
|  | <b>(Unaudited)</b>      | (Unaudited)   |
|  | <b>HK\$'000</b>         | HK\$'000      |
| Interest on bank loans   | 106,080                 | 86,608        |
| Interest on lease liabilities  | 324                     | 613           |
| Less: Interest capitalised under properties under development/construction | (15,520)                | (8,958)       |
|  | <b>90,884</b>           | <b>78,263</b> |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

|   | <b>Six months ended</b> |                 |
|---|-------------------------|-----------------|
|   | <b>30 September</b>     |                 |
|   | <b>2022</b>             | 2021            |
|   | <b>(Unaudited)</b>      | (Unaudited)     |
|   | <b>HK\$'000</b>         | HK\$'000        |
| Depreciation of property, plant and equipments                            | <b>2,846</b>            | 3,187           |
| Depreciation on right-of-use assets*                                      | <b>14,366</b>           | 16,390          |
| Fair value loss in financial asset at fair value through profit or loss   | <b>1,260</b>            | –               |
| Employee benefit expenses (including directors' remuneration)             | <b>32,550</b>           | 29,463          |
| Less: Amounts capitalised under properties under development/construction | <u><b>(10,000)</b></u>  | <u>(10,080)</u> |
|   | <u><b>22,550</b></u>    | <u>19,383</u>   |

\* Included in the amount are the depreciation of leased car parks of HK\$8,138,000 which are included in "Cost of sales" in the condensed consolidated statement of profit or loss.

### 6. INCOME TAX

|                                  | <b>Six months ended</b> |                 |
|----------------------------------|-------------------------|-----------------|
|                                  | <b>30 September</b>     |                 |
|                                  | <b>2022</b>             | 2021            |
|                                  | <b>(Unaudited)</b>      | (Unaudited)     |
|                                  | <b>HK\$'000</b>         | HK\$'000        |
| Current – Hong Kong              |                         |                 |
| Under-provision in prior periods | <b>258</b>              | 95              |
| Current – Elsewhere              | <b>103,600</b>          | 112,065         |
| Deferred                         | <u><b>(6,443)</b></u>   | <u>(17,840)</u> |
| Total tax charge for the period  | <u><b>97,415</b></u>    | <u>94,320</u>   |

### **6. INCOME TAX** *(Continued)*

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

### **7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$114,117,000 (2021: HK\$122,175,000) and the number of 720,429,301 ordinary shares in issue during both periods.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 September 2022 and 2021 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

### **8. DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (2021: Nil).

The final dividend of HK 12.5 cents per ordinary share for the year ended 31 March 2022 was approved by the Company's shareholders at the adjourned annual general meeting of the Company held on 1 September 2022 and paid on 29 September 2022.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 9. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice/contract date, is as follows:

|                | At<br>30 September<br>2022<br>(Unaudited)<br><i>HK\$'000</i> | At<br>31 March<br>2022<br>(Audited)<br><i>HK\$'000</i> |
|----------------|--|--|
| Within 30 days | 1,050  | 1,447  |
| 31 to 60 days  | 239  | 521  |
| 61 to 90 days  | –  | 39   |
| Over 90 days   | <u>12,312</u>  | <u>12,312</u>  |
| Total          | <u><u>13,601</u></u>   | <u><u>14,319</u></u>                                   |

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of the sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Overdue trade debts are closely monitored by management and are provided for in full in case of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate to their fair values.

### 10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables, other payables and accrued liabilities are trade payables of HK\$7,385,000 (as at 31 March 2022: HK\$8,301,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

|                | At<br>30 September<br>2022<br>(Unaudited)<br><i>HK\$'000</i> | At<br>31 March<br>2022<br>(Audited)<br><i>HK\$'000</i> |
|----------------|--|--|
| Within 30 days | <u><u>7,385</u></u>  | <u><u>8,301</u></u>                                    |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 11. SHARE CAPITAL

There were no movements in the issued and fully paid share capital of the Company in the current interim period.

### 12. CONTINGENT LIABILITIES

As at 30 September 2022, the Group has given guarantees of HK\$6,821,000 (as at 31 March 2022 (audited): HK\$15,146,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property ownership certificates to the purchasers.

### 13. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 September 2022, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

|   | At<br>30 September<br>2022<br>(Unaudited)<br>HK\$'000 | At<br>31 March<br>2022<br>(Audited)<br>HK\$'000 |
|---|---|---|
| Within one year                         | 324,032   | 339,020   |
| After one year but within two years     | 285,481   | 304,559   |
| After two years but within three years  | 240,736   | 267,083   |
| After three years but within four years | 192,836   | 216,142   |
| After four years but within five years  | 176,767   | 187,068   |
| After five years                        | 475,894   | 615,360   |
|   | <u>1,695,746</u>                                      | <u>1,929,232</u>                                |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

### 14. CAPITAL COMMITMENTS

At 30 September 2022, the Group had authorised and contracted capital commitments in respect of property development expenditure amounting to HK\$189,078,000 (at 31 March 2022 (audited): HK\$264,610,000).

### 15. RELATED PARTY TRANSACTIONS

#### (a) Connected transaction

During the six months ended 30 September 2022, the Group paid development expenditure relating to main contractor's construction works for the Data Centre Project to Chinney Construction, an indirect wholly-owned subsidiary of Chinney Alliance, amounted to HK\$19,674,000. No development expenditure was paid during the six months ended 30 September 2021. The above transaction was negotiated between the concerned parties by reference to the prevailing market rate. The transaction constituted a connected transaction of the Company and was approved by the independent shareholders of the Company at an extraordinary general meeting held on 24 August 2018.

#### (b) Compensation of key management personnel of the Group

|                              | <b>Six months ended</b> |             |
|------------------------------|-------------------------|-------------|
|                              | <b>30 September</b>     |             |
|                              | <b>2022</b>             | 2021        |
|                              | <b>(Unaudited)</b>      | (Unaudited) |
|                              | <b>HK\$'000</b>         | HK\$'000    |
| Short-term employee benefits | <b>13,696</b>           | 12,786      |
| Post-employment benefits     | <b>527</b>              | 495         |
|                              | <b>14,223</b>           | 13,281      |

### 16. FAIR VALUES OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in trade payables, other payables and accrued liabilities, the current portion of interest-bearing bank borrowings, current portion of lease liabilities and a balance with an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 September 2022 was assessed to be insignificant.

#### **Fair value hierarchy**

The Group did not have any financial assets measured at fair value as at 30 September 2022 and 31 March 2022.

The Group did not have any financial liabilities measured at fair value as at 30 September 2022 and 31 March 2022. As at 30 September 2022, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings (non-current portion) of HK\$3,402,089,000 (as at 31 March 2022 (audited): HK\$2,419,303,000) and lease liabilities (non-current portion) of HK\$14,564,000 (as at 31 March 2022 (audited): HK\$23,711,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are unobservable (Level 3).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities of the Group.

### 17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved and authorised for issue by the board of directors on 29 November 2022.